**LEGAL
REQUIREMENTS**   42 USC 657
45 CFR 302.32
MCL 600.6452(1)

Federal law and regulations require that current support be redirected from the state to the family when assistance under the Family Independence Program (FIP) ceases. Current collections must be sent to the family within 15 days of initial receipt for the first month of ineligibility.

Regulations also establish the maximum amount of support the state may retain as repayment for assistance granted.

AGENCY POLICY   When the Family Independence Agency receives support collections in error, the funds must be returned to the collecting agency or to the client. Collections are returned through the refund process. The portion of collections received and retained by the state are available for refund.

The Child Support Enforcement System (CSES) creates refund payment records when FIA receives:

- A current collection for a FIP case after the month of case closure.
- An undistributed collection that is not associated with an FIA case.

Refer to Item 315, FIP Collection Distribution, for additional information on refunds generated by CSES.

Friends of the Court are responsible for requesting refunds of child support and other collections misdirected to the state by the FOC in other circumstances. The support specialist may request a refund to ensure proper distribution of child support if a Friend of the Court fails or refuses to submit a request or when necessary to comply with an administrative hearing decision. The request must be cleared with the OCS District Manager.

The Interstate Central Registry requests refunds of misdirected collections on out-of-state orders where support is sent directly to FIA.

The Payment Control Section of the Office of Payment Systems process refunds requested by FOCs and OCS.

Note: Refer to Item 320, FIP Collection Record Adjustments, for information concerning record corrections and payment requests related to child support participation payments and reimbursements.

**Payment
Timeframes**   Refunds of current collections misdirected to the state in closed FIP cases are subject to specific payment timeframes. When a current collection is refundable for the month of case closure, it is payable within 15 days from the first day of the first month of ineligibility. After the month of closure, refunds of current collections are payable within 15

days of the first day of the cycle for which the collection was reported to CSES. See Payroll Schedule in Item 315, Exhibit 3.

Refund Reasons   The Agency refunds support for the following reasons:

- **FIP Closed:** The state received current support for a closed FIP case after the effective date of a decertification.

- **Person Off FIP:** The state received current support after the decertification effective date for a person removed from an active FIP case. To determine the refund amount prorate the net current collection among the members of the court order in relation to the obligation amount for each member.

- **FIA Overpaid:** Collections payable to the family were misdirected to FIA. This includes child support arrearage collections sent to the state in excess of the amount unreimbursed public assistance (UPA). This also includes collections sent to the state which represent unassigned during assistance arrears.

- **Account Overpaid:** An obligor overpaid his or her account.

- **Case Number Error:** An error in the FIA or court case number resulted in the collection being sent to the state in error or applied to the wrong individual's account.

- **Collection Type Error:** Money sent to the state was reported with the wrong collection type.

- **NSF:** A payment credited to the obligor's account is voided due to non-sufficient funds (NSF).

- **Offset In Error:** A tax offset occurred against the wrong taxpayer.

- **Other:** Other reason for request including an administrative hearing decision.

LIMITATIONS

Time Limit   The Michigan Court of Claims will not honor claims against the state over three years old. Therefore, the Agency is not obligated to honor requests for refunds of child or child/spousal support collections unless the request is made within 3 years of:

- The date of the overpayment to the state; or,
- The date (month/year) the FIP case closed; or
- The date (month/year) of the last child/spousal support collection transmitted to the state in an FIP case.

When the collection requested for refund is over three years old, the refund request must identify the collection sent to state or the FIP closure date occurring within three years of the refund request or the administrative hearing decision requiring refund of the collection.

Dollar Limit

The Agency's Supplemental payroll system cannot issue refunds less than $1.00. Therefore, refunds request should only be made for amounts that are $1.00 or greater.

Refund Requests

Out-of-State Orders

The Interstate Central Registry handles refunds on out-of-state orders, other than RURESA orders or orders registered under UIFSA, where support payments are sent directly to FIA by the out-of-state collecting agency or noncustodial parent. The Interstate Central Registry identifies current collections received by the state after the decertification effective date listed on the Support Certification Status Notice and authorizes refunds. If the support specialist identifies the need for a refund in other situations, provide the information to the Interstate Central Registry via memo.

Michigan Orders

Use form FIA-820, Support Collection Payment Request, to request refunds of child support on Michigan orders. Request refunds of collections dated January 1992 or later on separate FIA-820s from refunds of collections for months prior to January 1992. Procedures used by Payment Control to process refund requests vary based on the collection date and system (DN or CSES) used to process the collection record.

Use instructions provided in Exhibit 1 to complete and distribute the FIA-820.

Correct errors, if any, that caused a collection to be sent to the state inappropriately. This generally involves an inaccurate or missing certification or decertification.

Processing

The Payment Control Section screens refund requests for required entries and reconciles requests with FIP grant and support collection and disbursement records before payment. The support specialist is notified via an Error Memo when a refund request is rejected, negatively adjusted or denied. Payment Control provides notices in the following circumstances.

- The FIA-820 does <u>not</u> contain required entries.

- The FIA-820 indicates that the collection requested for refund was reported by the FOC but Payment Control could not locate a record of the collection.

- The amount requested for refund exceeds the amount of the collection retained by the state after payment of a reimbursement and/or prior refund or exceeds the reported collection amount.

- The refund requested duplicates a refund that has been or will be issued. This includes requests that duplicate refunds generated by CSES (see Item 315).

- The refund reason is "FIP closed" but the FIP case was active for the month.

Review the error memo and the FIA-820 to determine reasons for return of the refund request. If the request was rejected or denied due to incomplete or inaccurate information, it can be resubmitted. Enter corrections or complete items on the rejected/denied FIA-820 and resubmit the form and error memo to Payment Control. Do not complete a new FIA-820.